

2013 ANNUAL REPORT
SUNRISE CARLISLE, LP

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	108
[2]	Number at end of fiscal year	106
[3]	Total Lines 1 and 2	214
[4]	Multiply line 3 by ".50" and enter result on line 5	0.5
[5]	Mean number of continuing care residents	107
All Residents		
[6]	Number at beginning of fiscal year	108
[7]	Number at end of fiscal year	106
[8]	Total Lines 6 and 7	214
[9]	Multiply line 8 by ".50" and enter result on line 10	0.5
[10]	Mean number of <i>all</i> residents	107
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	1.00

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>	<u>TOTAL</u>
[1] Total Operating Expenses (including depreciation and debt service - interest or	\$ 5,372,273
[a] Depreciation	\$ 21,735
[b] Debt Service (Interest only)	\$ -
[2] Subtotal (add Line 1a and 1b)	\$ 21,735
[3] Subtract Line 2 from Line 1 and enter result	\$ 5,350,538
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	1.00
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$ 5,350,538
	x .001
[6] Total Amount Due	\$ 5,350.54

PROVIDER: Sunrise Carlisle LP

COMMUNITY: The Carlisle



April 30, 2014

California Department of Social Services
Continuing Care Contracts Branch
744 P Street, MS 10-90
Sacramento, CA 95814
ATTN: Allison Nakatomi

Dear Ms. Nakatomi:

This letter will serve as a certification on behalf of Sunrise Carlisle LP to the California Department of Social Services for the following matters regarding the enclosed annual report for 2013 that Sunrise Carlisle LP is submitting as the holder of a certificate of authority for The Carlisle:

1. The annual report and any amendments to it are correct to the best of my knowledge.
2. Each continuing care contract form in use or offered to new residents at The Carlisle has been approved by the Department.
3. Sunrise Carlisle LP does not maintain cash or cash equivalents. Sunrise Senior Living, Inc., in its role as co-holder of the certificate of authority at The Carlisle, is responsible for meeting the liquid reserve requirements in the California continuing care statute on behalf of Sunrise Carlisle LP. Therefore, Form 5-5 lists under "Operating Reserve" the amount of cash and cash equivalents maintained by Sunrise Senior Living Inc., as set forth in Sunrise Senior Living, Inc.'s audited financial statement for 2013. A copy of the relevant portions of that statement is included with Form 5-5. See Form 5-5 and footnotes 1 and 6 to the 2013 audited financial statement of Sunrise Carlisle LP regarding the assumption by Sunrise Senior Living, LLC in 2014 of Sunrise Senior Living, Inc.'s responsibilities as co-holder of the certificate of authority at The Carlisle.

Please feel free to contact us if you have any questions about our submissions.

Sincerely,

Chris Winkle
Chief Executive Officer, Sunrise Senior Living, LLC

Community Support Office

7900 Westpark Drive, Suite T-900, McLean, Virginia 22102

Main: (703) 273-7500

www.sunriseseniorliving.com



CERTIFICATE OF LIABILITY INSURANCE

4/30/2013

DATE (MM/DD/YYYY)

5/2/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Lockton Companies, LLC Denver
8110 E Union Avenue
Suite 700
Denver CO 80237
(303) 414-6000

CONTACT

NAME:

PHONE

(A/C, No, Ext):

E-MAIL:

ADDRESS:

FAX

(A/C, No):

INSURER(S) AFFORDING COVERAGE

NAIC #

INSURER A : National Union Fire Ins Co Pittsburgh PA

19445

INSURER B :

INSURER C :

INSURER D :

INSURER E :

INSURER F :

INSURED 1322828 Sunrise Senior Living, LLC
7900 Westpark Drive
T-900
McLean, VA 22102

COVERAGES SUNSE02

CERTIFICATE NUMBER: 10809309

REVISION NUMBER: XXXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY			NOT APPLICABLE			EACH OCCURRENCE \$ XXXXXXXX
	COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ XXXXXXXX
	CLAIMS-MADE OCCUR						MED EXP (Any one person) \$ XXXXXXXX
							PERSONAL & ADV INJURY \$ XXXXXXXX
							GENERAL AGGREGATE \$ XXXXXXXX
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS - COMP/OP AGG \$ XXXXXXXX
	POLICY PRO-JECT LOC						\$
	AUTOMOBILE LIABILITY			NOT APPLICABLE			COMBINED SINGLE LIMIT (Ea accident) \$ XXXXXXXX
	ANY AUTO						BODILY INJURY (Per person) \$ XXXXXXXX
	ALL OWNED AUTOS						BODILY INJURY (Per accident) \$ XXXXXXXX
	HIRED AUTOS						PROPERTY DAMAGE (Per accident) \$ XXXXXXXX
	SCHEDULED AUTOS						\$ XXXXXXXX
	NON-OWNED AUTOS						
	UMBRELLA LIAB			NOT APPLICABLE			EACH OCCURRENCE \$ XXXXXXXX
	EXCESS LIAB						AGGREGATE \$ XXXXXXXX
	DED RETENTION \$						\$ XXXXXXXX
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			NOT APPLICABLE			WC STATUTORY LIMITS OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	N/A				E.L. EACH ACCIDENT \$ XXXXXXXX
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ XXXXXXXX
							E.L. DISEASE - POLICY LIMIT \$ XXXXXXXX
A	Commercial Crime*	N	N	018244240	4/30/2012	4/30/2013	Limit \$5,000,000
A	Empl. Practices Liab.			018251549	4/30/2012	4/30/2013	Limit \$10,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

*For non-owned locations; client property has a sublimit of \$500,000 with a \$25,000 deductible. RE: The Carlisle; 1450 Post Street; San Francisco, CA 94109; The Stratford; 601 Laurel Avenue; San Mateo, CA 94401; Fountains at Carlotta; 41-505 Carlotta Drive; Palm Desert, CA 92211

CERTIFICATE HOLDER

CANCELLATION

10809309

State of California
Dept. of Social Services
CA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)
04/29/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Aon Risk Services Central, Inc. Philadelphia PA Office One Liberty Place 1650 Market Street Suite 1000 Philadelphia PA 19103 USA	CONTACT NAME:	
	PHONE (A/C. No. Ext): (866) 283-7122	FAX (A/C. No.): (800) 363-0105
INSURED Sunrise Senior Living, LLC 7900 Westpark Drive McLean VA 22102-4217 USA	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
	NAIC #	
	INSURER A: National Union Fire Ins Co of Pittsburgh 19445	
	INSURER B:	
	INSURER C:	
	INSURER D:	
INSURER E:		
INSURER F:		

COVERAGES

CERTIFICATE NUMBER: 570053603572

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	UMBRELLA LIAB EXCESS LIAB DED RETENTION						EACH OCCURRENCE AGGREGATE
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				PER STATUTE E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT
A	EPL - Primary			021446663	04/30/2013	04/30/2014	Policy Limit Deductible \$10,000,000 \$250,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Re: The Carlisle; 1450 Post Street, San Francisco, CA 94109; The Stratford; 601 Laurel Avenue, San Mateo, CA 94401; Fountains at Carlotta; 41-505 Carlotta Drive; Palm Desert, CA 92211

CERTIFICATE HOLDER**CANCELLATION**

State of California Dept. of Social Services 6167 Bristol Pkwy, Suite 400 Culver City CA 90230 USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Aon Risk Services Central Inc.</i>

Holder Identifier :

Certificate No : 570053603572



CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)
04/29/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

If this certificate is being prepared for a party who has an insurable interest in the property, do not use this form. Use ACORD 27 or ACORD 28.

PRODUCER Aon Risk Services Central, Inc. Philadelphia PA Office One Liberty Place 1650 Market Street Suite 1000 Philadelphia PA 19103 USA	CONTACT NAME:	
	PHONE (A/C. No. Ext): (866) 283-7122	FAX (A/C. No.): (800) 363-0105
INSURED Sunrise Senior Living, LLC 7900 Westpark Drive McLean VA 22102-4217 USA	E-MAIL ADDRESS:	
	PRODUCER CUSTOMER ID #: 570000060194	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: National Union Fire Ins Co of Pittsburgh	NAIC # 19445
	INSURER B:	
	INSURER C:	
INSURER D:		
INSURER E:		
INSURER F:		

Holder Identifier :

COVERAGES**CERTIFICATE NUMBER:** 570053603413**REVISION NUMBER:**

LOCATION OF PREMISES/ DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Re: The Carlisle; 1450 Post Street, San Francisco, CA 94109; The Stratford; 601 Laurel Avenue, San Mateo, CA 94401; Fountains at Carlotta; 41-505 Carlotta Drive; Palm Desert, CA 92211

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE		POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS	
	<input type="checkbox"/>	PROPERTY				BUILDING		
		CAUSES OF LOSS				DEDUCTIBLES	PERSONAL PROPERTY	
		BASIC				BUILDING	BUSINESS INCOME w/o Extra Expense	
		BROAD				CONTENTS	EXTRA EXPENSE	
		SPECIAL					RENTAL VALUE	
		EARTHQUAKE					BLANKET BUILDING	
		WIND					BLANKET PERS PROP	
		FLOOD					BLANKET BLDG & PP	
								
								
	<input type="checkbox"/>	INLAND MARINE	TYPE OF POLICY					
	CAUSES OF LOSS	POLICY NUMBER						
	NAMED PERILS							
A	X	CRIME	021446663	04/30/2013	04/30/2014	X Employee Dishonesty	\$5,000,000	
		TYPE OF POLICY Crime - Primary				X Deductible	\$100,000	
	<input type="checkbox"/>	BOILER & MACHINERY / EQUIPMENT BREAKDOWN						

SPECIAL CONDITIONS / OTHER COVERAGES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE NUMBER: 570053603413

CERTIFICATE HOLDER**CANCELLATION**

State of California
Dept. of Social Services
6167 Bristol Pkwy, Suite 400
Culver City CA 90230 USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Central, Inc.

© 1995-2009 ACORD CORPORATION. All rights reserved.

Sunrise Carlisle, LP

Form 5-1 -
Long-Term Debt Incurred In a Prior Fiscal Year
(Including Balloon Debt)

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Principal Paid During Fiscal Year	Interest Paid During Fiscal Year	Credit Enhancement Premiums Paid in Fiscal Year	Total Paid (columns (b)+(c)+(d))
None					
TOTAL:					\$0

*(Transfer this amount
to Form 5-3, Line 1)*

Sunrise Carlisle, LP

Form 5-2 -
Long-Term Debt Incurred During the Fiscal Year
(Including Balloon Debt)

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Total Interest Paid During Fiscal Year	Amount of Most Recent Payment on the Debt	Number of Payments over next 12 months	Reserve Requirement (see instruction 5) (Columns (c) x (d))
None					
TOTAL:					\$0

*(Transfer this amount
to Form 5-3, Line 2)*

Sunrise Carlisle, LP

Form 5-3 -
Calculation of Long-Term Debt Reserve Amount

Line		Total
[1]	Total from Form 5-1 bottom of Column (e)	\$ 0
[2]	Total from Form 5-2 bottom of Column (e)	\$ 0
[3]	Facility leasehold or rental payment paid by provider during fiscal year. (Including related payments such as lease insurance)	\$ 0
[4]	Total Amount Required For Long-Term Debt Reserve:	\$ 0

Sunrise Carlisle, LP

Form 5-4 -
Calculation of Net Operating Expenses

Line	Amounts	Total
[1] Total operating expenses from financial statements		<u>5,372,273</u> (A)
[2] Deductions		
a Interest paid on long term debt (see instructions)	\$ -	
b Credit enhancement premiums paid for long-term debt (see instructions)	-	
c Depreciation	21,735	
d Amortization	193,966	
e Revenues received during the fiscal year for services to persons who did not have a continuing care contract	33,983	
f Extraordinary expenses approved by the Department	<u>-</u>	
[3] Total Deductions		<u>\$ (249,684)</u>
[4] Net Operating Expenses		<u>\$ 5,122,589</u>
[5] Divide Line 4 by 365 and enter the result		<u>\$ 14,034</u>
[6] Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<div style="border: 1px solid black; padding: 5px; display: inline-block;">\$ 1,052,550</div>
(A) Total operating expenses include (\$33,361) of impairment gain, which is a non-cash expense.		

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Sunrise Carlisle, LP
Fiscal Year Ended: December 31, 2013

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 31, 2012 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows (see Note below):

	Amount
[1] Debt Service Reserve Amount	\$ -
[2] Operating Expense Reserve Amount	\$ 1,052,550
[3] Total Liquid Reserve Amount	\$ 1,052,550

Qualifying assets sufficient to fulfill the above requirements are held as follows: (see Note below):

Amount
(market value at end of quarter)

<u>Qualifying Asset Description</u>	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents		\$ 34,214,000
[5] Investment Securities		
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		(not applicable)
[10] Other:		

Total Amount of Qualifying Assets

Listed for Liquid Reserve:	[11] \$ -	[12] \$ 34,214,000
Total Amount Required	[13] \$ -	[14] \$ 1,052,550
Surplus/(Deficiency)	[15] \$ -	[16] \$ 33,161,450

Note: No cash and cash equivalents are held by Sunrise Carlisle, LP. Cash is consolidated and held by Sunrise Senior Living, LLC. In order to provide a more complete portrayal of the assets available to meet the required reserves, DSS has requested the Form 5-5 be adjusted to reflect the qualifying assets from the audited financial statements of Sunrise Senior Living, LLC.

Signature: (SCHEDULE ADJUSTMENTS - UNAUDITED)

(Authorized Representative)

(Date)

(Title)

**Continuing Care Retirement Community
Disclosure Statement
General Information**

Date Prepared: 4/30/14

FACILITY NAME: The Carlisle

ADDRESS: 1450 Post Street, San Francisco, CA

ZIP CODE: 94109

PHONE: 415-929-0200

PROVIDER NAME: Sunrise Carlisle, LP

FACILITY OPERATOR: Sunrise Senior Living Management, LLC

RELATED FACILITIES:

RELIGIOUS AFFILIATION: None

YEAR OPENED: 1992 # OF ACRES: 1 +/- ☐ SINGLE STORY ☒ MULTI-STORY ☐ OTHER:

MILES TO SHOPPING CTR: 1 1/2

MILES TO HOSPITAL: 1 1/2

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: 28

APARTMENTS — 1 BDRM: 56

APARTMENTS — 2 BDRM: 8

COTTAGES/HOUSES:

RLU OCCUPANCY (%) AT YEAR END: 99%

HEALTH CARE

ASSISTED LIVING:

SKILLED NURSING:

SPECIAL CARE:

DESCRIBE SPECIAL CARE:

TYPE OF OWNERSHIP: ☐ NOT-FOR-PROFIT ☒ FOR-PROFIT ACCREDITED?: ☒ YES ☐ NO BY: DSS

FORM OF CONTRACT: ☒ CONTINUING CARE ☐ LIFE CARE ☐ ENTRANCE FEE ☐ FEE FOR SERVICE
(Check all that apply) ☐ ASSIGNMENT OF ASSETS ☒ EQUITY ☐ MEMBERSHIP ☐ RENTAL

REFUND PROVISIONS: (Check all that apply) ☐ 90% ☐ 75% ☐ 50% ☐ PRORATED TO 0% ☒ OTHER: Unit Resale

RANGE OF ENTRANCE FEES: \$ 140,000 TO \$ 910,000 LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Wellness Center Open Clinic for vital signs

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: N/A OTHER: Health & Financial

RESIDENT REPRESENTATIVE ON THE BOARD (briefly describe their involvement): see attached

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (<u>4</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	MEALS (<u>2</u> /DAY)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WEALTH CLINIC	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER <u>Assisted Living</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
OTHER <u>Dining Room, Library</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			

All providers are required by Health and Safety Code section 1749.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

THE CARLISLE
RESIDENT REPRESENTATION

The COA holders at The Carlisle are Sunrise Carlisle GP, LLC (as general partner of Sunrise Carlisle, LP, the owner of the easements) and Sunrise Senior Living, LLC (SSLLC) (the ultimate owner of Sunrise Carlisle, LP and of Sunrise Carlisle GP, LLC). SSLLC is itself subject to ultimate ownership by Public Sector Pension Investment Board, a Canadian crown corporation, and Health Care REIT, Inc., a publicly traded corporation. Given this structure, there is no governing body as such that controls The Carlisle on which a resident representative might serve. Decisions are made by the regional and local managers employed by Sunrise Senior Living Management, Inc. (SSLMI), also as subsidiary of SSLLC. Accordingly, a resident representative can best provide input into decisions by meeting periodically with the regional and local managers responsible for The Carlisle. With this in mind, the Sunrise Senior Living Regional Director of Operations for the Western Region and the Executive Director of The Carlisle are meeting a semi-annual basis with a resident representative selected by the Board of The Carlisle of San Francisco Homeowners' Association in order to obtain input on relevant matters such as economic performance, building and plant issues, and general resident service questions.

PROVIDER NAME: Sunrise Carlisle, LP

	<u>Community*</u>	<u>CCRC/MLRC/ LIFECARE</u>	<u>Street</u>	<u>City</u>	<u>State</u>	<u>Zip</u>
1	Alta Loma, Sunrise of	AL	9519 Baseline Road	Rancho Cucamonga	91730	CA
2	Belmont, Sunrise of	AL	1010 Alameda de Las Pulgas	Belmont	94002	CA
3	Beverly Hills, Sunrise of	AL	201 North Crescent Drive	Beverly Hills	90210	CA
4	Bonita, Sunrise of	AL	3302 Bonita Road	Chula Vista	91910	CA
5	Canyon Crest, Sunrise of	AL	5265 Chapala Drive	Riverside	92507	CA
6	Carlisle, The	CCRC	1450 Post Street	San Francisco	94109	CA
7	Carmichael, Sunrise of	AL	5451 Fair Oaks	Carmichael	95608	CA
8	Claremont, Sunrise of	AL	2053 North Towne Avenue	Claremont	91711	CA
9	Danville, Sunrise of	AL	1027 Diablo Road	Danville	94526	CA
10	Fair Oaks CA, Sunrise of	AL	4820 Hazel Avenue	Fair Oaks	95628	CA
11	Fresno, Sunrise of	AL	7444 North Cedar Avenue	Fresno	93720	CA
12	Fullerton, Sunrise of	AL	2226 North Euclid Street	Fullerton	92835	CA
13	Hermosa Beach, Sunrise of	AL	1837 Pacific Coast Highway	Hermosa Beach	90254	CA
14	Huntington Beach, Sunrise of	AL	7401 Yorktown Avenue	Huntington Beach	92648	CA
15	La Costa, Sunrise of	AL	7020 Manzanita Street	Carlsbad	92008	CA
16	La Palma, Sunrise of	AL	5321 La Palma Avenue	La Palma	90623	CA
17	Mission Viejo, Sunrise of	AL	26151 Country Club Drive	Mission Viejo	92691	CA
18	Monterey, Sunrise of	AL	1110 Cass St.	Monterey	93940	CA
19	Oakland Hills, Sunrise of	AL	11889 Skyline Boulevard	Oakland	94619	CA
20	Pacific Beach, Sunrise of	AL	810 Turquoise Street	San Diego	92109	CA
21	Pacific Palisades, Sunrise of	AL	15441 West Sunset Boulevard	Pacific Palisades	90272	CA
22	Palo Alto, Sunrise of	AL	2701 El Camino Real	Palo Alto	94306	CA
23	Petaluma, Sunrise of	AL	815 Wood Sorrel Drive	Petaluma	94954	CA
24	Playa Vista, Sunrise of	AL	5555 Playa Vista Drive	Playa Vista	90094	CA
25	Rocklin, Sunrise of	AL	6100 Sierra College Boulevard	Rocklin	95677	CA
26	Sacramento, Sunrise of	AL	345 Munroe Street	Sacramento	95825	CA
27	San Marino, Sunrise of	AL	8332 Huntington Drive	San Gabriel	91775	CA
28	San Mateo, Sunrise of	AL	955 South El Camino Road	San Mateo	94402	CA
29	Santa Monica, Sunrise of	AL	1313 15th Street	Santa Monica	90404	CA
30	Seal Beach, Sunrise of	AL	3850 Lampson Avenue	Seal Beach	90740	CA
31	Sterling Canyon, Sunrise of	AL	25815 McBean Parkway	Valencia	91355	CA
32	Stratford, The	CCRC	601 Laurel Avenue	San Mateo	94401	CA
33	Studio City, Sunrise of	AL	4610 Coldwater Canyon	Studio City	91604	CA
34	Sunnyvale, Sunrise of	AL	633 S. Knickerbocker Drive	Sunnyvale	94087	CA
35	Tustin, Sunrise of	AL	12291 South Newport Avenue	Santa Ana	92705	CA
36	Walnut Creek, Sunrise of	AL	2175 Ygnacio Valley Road	Walnut Creek	94598	CA
37	West Hills, Sunrise of	AL	9012 Topanga Canyon Road	West Hills	91304	CA
38	Westlake Village, Sunrise of	AL	3101 Townsgate Road	Westlake Village	91361	CA
39	Wood Ranch, Sunrise at	AL	190 Tierra Rejada Road	Simi Valley	93065	CA
40	Woodland Hills, Sunrise of	AL	20461 Ventura Boulevard	Woodland Hills	91364	CA
41	Yorba Linda, Sunrise of	AL	4792 Lakeview Avenue	Yorba Linda	92886	CA

* This list reflects Sunrise owned/operated communities in the State of California only.
A complete list of all Sunrise owned/operated communities is available upon request.

PROVIDER NAME: Sunrise Carlisle, LP

	2010	2011	2012	2013
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	\$ 4,329,494	\$ 4,763,510	\$ 4,931,510	\$ 5,164,539
LESS OPERATING EXPENSES (excluding depreciation, amortization & interest)	\$ 5,661,420	\$ 5,067,868	\$ 5,039,277	\$ 5,156,572
NET INCOME FROM OPERATIONS	\$ (1,331,926)	\$ (304,358)	\$ (107,767)	\$ 7,967
LESS INTEREST EXPENSE	\$ (21,649)	\$ -	\$ -	\$ -
PLUS CONTRIBUTIONS	\$ -	\$ -	\$ -	\$ -
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	\$ (170,946)	\$ -	\$ -	\$ -
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$ (1,524,521)	\$ (304,358)	\$ (107,767)	\$ 7,967
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits less Refunds)	\$ -	\$ -	\$ -	\$ -

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD	AMORTIZATION PERIOD
--------	------------------------	------------------------	---------------------	------------------------	------------------------

PROVIDER NAME: Sunrise Carlisle, LP

FINANCIAL RATIOS

	2010 CCAC Medians 50th percentile (optional)	2011	2012	2013
Debt to Asset ratio		0.00%	0.00%	0.00%
Operating Ratio		106.39%	102.19%	99.85%
Debt Servicing Coverage Ratio		0.00%	0.00%	0.00%
Days Cash on Hand ratio		0	0	0

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

	2010	%	2011	%	2012	%	2013
STUDIO	\$ 3,030	2.5%	\$ 3,106	0.3%	\$ 3,114	2.5%	\$ 3,192
ONE BEDROOM	\$ 3,399	13.8%	\$ 3,867	0.1%	\$ 3,872	3.1%	\$ 3,993
TWO BEDROOM	\$ 4,263	10.6%	\$ 4,716	0.0%	\$ 4,716	2.2%	\$ 4,822
COTTAGE/HOUSE							
ASSISTED LIVING							
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER:

PROVIDER NAME: Sunrise Carlisle, LP

Financial Ratio Formulas

LONG TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long term debt less Current Portion}}{\text{Total Assets}} = 0.00\%$$

Long term debt, less current maturities	\$	-
Total Assets	\$	4,804,433

OPERATING RATIO

$$\frac{\text{Total Operating Expenses - Depreciation Expense - Amortization Expense}}{\text{Total Operating Revenues - Amortization of Deferred Entrance Fees}} = 99.85\%$$

Total Operating Expenses	\$	5,372,273
Depreciation Expense		21,735
Amortization Expense		193,966
Total Operating Revenues	\$	5,164,539
Amortization of Deferred Entrance Fees	\$	-

DEBT SERVICE COVERAGE RATIO

$$\frac{\text{Total Excess of Revenues over Expenses + Interest, Depreciation and Amortization Expense - Amortization of Deferred Revenue + Net Proceeds from Entrance Fees}}{\text{Annual Debt Service}} = 0.00\%$$

Excess of Revenues over Expenses	\$	(207,734)
Interest Expense	\$	-
Depreciation Expense	\$	21,735
Amortization Expense	\$	193,966
Amortization of Deferred Revenue	\$	-
Net Proceeds from Entrance Fees	\$	-
Annual Debt Service	\$	-

DAYS CASH ON HAND RATIO

$$\frac{\text{Unrestricted Current Cash \& Investments + Unrestricted Non-Current Cash and Investments}}{(\text{Operating Expenses - Depreciation - Amortization})/365} = 0$$

Unrestricted Current Cash and Investments	\$	-
Unrestricted Non-Current Cash and Investments		
Operating Expenses	\$	5,372,273
Depreciation & Amortization Expense	\$	215,701

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly service fees at beginning of reporting period: (Indicate range, if applicable)	\$2,495 to \$5,020		
[2] Indicate percentage of increase in fees imposed during reporting period: (Indicate range, if applicable)	1.8% - 2.5%	0.00%	0.00%

☐ Check here if monthly service fees at this community were not increased during the reporting period.
(If you checked this box, please skip down to the bottom of this form and specify the names of the provider and the community.)

[3] Indicate the date the fee increase was implemented: 1/1/2013

[4] Check each of the appropriate boxes:

☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.

☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

☒ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.

☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

☒ The governing body of the provider, or the designated representative of the provider posted notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: Sunrise Carlisle, LP

COMMUNITY: The Carlisle

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

- [5]** On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

Monthly service fees increased from \$2,434 to \$2,495 or 2.5%. Monthly service fees increased from \$4,929 to \$5,020 or 1.8%. An increase in monthly service fees was driven by an increase in operational costs.

PROVIDER: Sunrise Carlisle, LP

COMMUNITY: The Carlisle

Date Prepared: 4/30/14

KEY INDICATORS REPORT

Sunrise Carlisle, LP

Chief Financial Officer Signature

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators

OPERATIONAL STATISTICS

1. Average Annual Occupancy by Site (%)

MARGIN PROFITABILITY INDICATORS

2. Net Operating Margin (%)

3. Net Operating Margin - Adjusted (%)

LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments

5. Days Cash on Hand (Unrestricted)

CAPITAL STRUCTURE INDICATORS

6. Deferred Revenue from Entrance Fees

7. Net Annual E/F Proceeds

8. Unrestricted Net Assets

9. Annual Capital Asset Expenditures

10. Annual Debt Service Coverage - Revenue Basis (x)

11. Annual Debt Service Coverage (x)

12. Annual Debt Service/Revenue (%)

13. Average Annual Effective Interest Rate (%)

14. Unrestricted Cash & Investments/Long Term Debt (%)

15. Average Age of Facility (years)

	2009	2010	2011	2012	2013	Projected	2014	2015	2016	2017	2018	Preferred Trend Indicator
	75%	86%	91%	96%	100%	100%	100%	100%	100%	100%	100%	N/A
	-8.36%	-2.90%	1.72%	2.51%	3.11%	6.39%	6.39%	6.39%	6.39%	6.39%	6.39%	↑
	-8.36%	-2.90%	1.72%	2.51%	3.11%	6.39%	6.39%	6.39%	6.39%	6.39%	6.39%	↓
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	↑
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	↑
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
	\$ 9,922,644	\$ 6,435,485	\$ 6,252,360	\$ 5,001,456	\$ 4,804,433	\$ 4,586,767	\$ 4,398,801	\$ 4,210,835	\$ 4,022,869	\$ 3,834,903	\$ 3,834,903	N/A
	\$ 51,153	\$ 5,323	\$ 128,055	\$ -	\$ 12,743	\$ 12,500	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	N/A
	-12.84	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	↑
	-14.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	↑
	4.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	↓
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	↓
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	↑
	16	17	18	19	20	21	22	23	24	25	25	↓

FINANCIAL STATEMENTS

Sunrise Carlisle, LP
Years Ended December 31, 2013 and 2012
With Report of Independent Auditors

Ernst & Young LLP



Building a better
working world

SUNRISE CARLISLE, LP

TABLE OF CONTENTS

	Page
REPORT OF INDEPENDENT AUDITORS	1
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012:	
Balance Sheets	2
Statements of Operations	3
Statements of Changes in Partners' Capital	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
OTHER FINANCIAL INFORMATION	
REPORT OF INDEPENDENT AUDITORS	10-11
Form 5-1 – Long-Term Debt Incurred In a Prior Fiscal Year	12
Form 5-2 – Long-Term Debt Incurred During the Fiscal Year	13
Form 5-3 – Calculation of Long-Term Debt Reserve Amount	14
Form 5-4 – Calculation of Net Operating Expenses	15
Form 5-5 – Annual Reserve Certification	16
Notes to Annual Reserve Calculations	17-18



Ernst & Young LLP
Westpark Corporate Center
8484 Westpark Drive
McLean, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

Report of Independent Auditors

To the Partners of
Sunrise Carlisle, LP

We have audited the accompanying financial statements of Sunrise Carlisle, LP (the "Partnership"), which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, changes in partners' capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sunrise Carlisle, LP at December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

April 18, 2014

SUNRISE CARLISLE, LP**BALANCE SHEETS****AS OF DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 319	\$ 252
Accounts receivable, Net of allowance for doubtful accounts of \$54 and \$0 for 2013 and 2012, respectively	23,937	25,037
Prepaid expenses and other assets	<u>23,178</u>	<u>15,853</u>
Total current assets	47,434	41,142
UTILITY DEPOSIT	36,200	36,200
PROPERTY AND EQUIPMENT:		
Condominium units	389,055	389,055
Furniture, fixtures, and equipment	<u>117,299</u>	<u>109,764</u>
Total property and equipment	506,354	498,819
Less accumulated depreciation	<u>(165,943)</u>	<u>(149,059)</u>
Property and equipment, net	340,411	349,760
MANAGEMENT RIGHTS INTANGIBLE, Net of accumulated amortization of \$1,438,578 and \$1,244,612 for 2013 and 2012, respectively	<u>4,380,388</u>	<u>4,574,354</u>
TOTAL ASSETS	<u><u>\$ 4,804,433</u></u>	<u><u>\$ 5,001,456</u></u>
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 333,122	\$ 371,230
Deferred revenue	180,883	172,406
Investments accounted for under the profit-sharing method of accounting	<u>-</u>	<u>33,361</u>
Total current liabilities	<u>514,005</u>	<u>576,997</u>
TOTAL LIABILITIES	<u>514,005</u>	<u>576,997</u>
PARTNERS' CAPITAL	<u>4,290,428</u>	<u>4,424,459</u>
TOTAL LIABILITIES AND PARTNERS' CAPITAL	<u><u>\$ 4,804,433</u></u>	<u><u>\$ 5,001,456</u></u>

See notes to financial statements.

SUNRISE CARLISLE, LP

**STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUE:		
Resident revenue	\$ 4,941,949	\$ 4,626,215
Other revenue	<u>222,590</u>	<u>305,295</u>
Total operating revenue	5,164,539	4,931,510
OPERATING EXPENSES:		
Labor	3,248,258	3,009,390
General and administrative	601,327	629,287
Food	429,497	426,973
Management fees to affiliate	309,711	295,891
Utilities	256,284	248,147
Depreciation and amortization	215,701	212,612
Advertising and marketing	122,456	142,418
Repairs and maintenance	87,056	91,103
Insurance	86,736	115,845
Taxes and licenses	26,387	37,194
Ancillary expenses	22,167	12,494
Bad debt expense (recovery)	54	(31)
Impairment (gain on sale)	<u>(33,361)</u>	<u>30,566</u>
Total operating expenses	<u>5,372,273</u>	<u>5,251,889</u>
NET LOSS	<u>\$ (207,734)</u>	<u>\$ (320,379)</u>

See notes to financial statements.

SUNRISE CARLISLE, LP

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

PARTNERS' CAPITAL — December 31, 2011	\$ 5,792,719
Net loss	(320,379)
Distributions, net	<u>(1,047,881)</u>
PARTNERS' CAPITAL — December 31, 2012	4,424,459
Net loss	(207,734)
Contributions, net	<u>73,703</u>
PARTNERS' CAPITAL — December 31, 2013	<u>\$ 4,290,428</u>

See notes to financial statements.

SUNRISE CARLISLE, LP

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (207,734)	\$ (320,379)
Adjustments to reconcile net loss to net cash (used in) / provided by operating activities:		
Provisions for (recoveries of) bad debt	54	(31)
Depreciation and amortization	215,701	212,612
Impairment loss (gain on sale)	(33,361)	30,566
Changes in operating assets and liabilities:		
Accounts receivable	1,046	38,370
Prepaid expenses	(7,325)	(12,140)
Accounts payable and accrued expenses	(38,108)	39,403
Deferred revenue	8,477	44,592
Net cash (used in) provided by operating activities	<u>(61,250)</u>	<u>32,993</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of condominiums		1,003,674
Purchases of property and equipment, net of discounts received	<u>(12,386)</u>	<u>11,046</u>
Net cash (used in) provided by investing activities	<u>(12,386)</u>	<u>1,014,720</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions, net to partners		(1,047,881)
Contributions, net from partners	<u>73,703</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>73,703</u>	<u>(1,047,881)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	67	(168)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>252</u>	<u>420</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 319</u>	<u>\$ 252</u>
DISCLOSURE FOR NON CASH ITEM:		
Investments accounted for under the profit-sharing method of accounting	<u>\$ 33,361</u>	<u>\$ -</u>

See notes to financial statements.

SUNRISE CARLISLE, LP

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

1. ORGANIZATION

Organization — On August 1, 2006, Sunrise Carlisle, LP (the “Partnership”), a Delaware limited partnership, acquired all easements and rights for The Carlisle and title to ten of the building’s 102 condominium units from Raiser Resources, LLC. Sunrise Senior Living Investments, Inc. (“SSLII”) held a 99% interest in the Partnership. Sunrise Carlisle GP, LLC, a wholly owned subsidiary of SSLII, held a 1% interest in the Partnership. SSLII funded the Partnership through its capital account as needed.

The Carlisle filed a declaration as a condominium and a continuing care retirement community (“CCRC”) in San Francisco City and County, California on August 28, 1992. As a condition of ownership, each owner of a condominium is required to enter into a residence and care agreement with St. Mary’s Community Care Corporation, St Mary’s Hospital and Medical Center and Catholic Healthcare West (collectively “St. Mary’s”). In 1998, the interests held by St. Mary’s were transferred to Raiser Senior Services, LLC, an affiliate of Raiser Resources, LLC and were subsequently transferred to the Partnership. The Partnership manages The Carlisle and markets vacant units on behalf of the owners. The Partnership is entitled to transfer fees on the sale of a condominium unit in accordance with the CCRC agreements.

On January 9, 2013, Healthcare REIT, Inc. (“HCN”) acquired Sunrise Senior Living, Inc. (“SSLI”). In conjunction with the transaction, Red Fox Management, LP (“Red Fox”), a new entity formed by affiliates of Kohlberg Kravis Roberts & Co. L.P., Beecken Petty O’Keefe & Company and Coastwood Senior Housing Partners LLC, entered into a Membership Interest Purchase Agreement with SSLI to acquire SSLI’s management business which includes Sunrise Senior Living Management, Inc. (“SSLMI”) and SSLII’s equity interests in the Partnership. The Partnership has a management agreement with SSLMI to manage the facility (Note 4). Sunrise Senior Living, LLC (“Sunrise”) is the successor entity to SSLI. Sunrise indirectly owns 100% of the Partnership and funds the Partner through its capital account as needed.

On December 20, 2013, Red Fox entered into a Unit Purchase and Merger Agreement with HCN for HCN and a capital partner to acquire the remaining equity interests of Kohlberg Kravis Roberts & Co. L.P., Beecken Petty O’Keefe & Company and Coastwood Senior Housing Partners LLC in Red Fox. HCN subsequently announced it was partnering with Revera, Inc. (“Revera”) a leading Canadian provider of senior living services, to complete the transaction. The transaction is expected to close in the second quarter of 2014, subject to regulatory approvals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The Partnership’s financial statements are prepared in accordance with U.S. generally accepted accounting principles. The Partnership reviewed subsequent events through April 18, 2014, the date the financial statements were issued, for inclusion in these financial statements.

Use of Estimates — The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant

estimates and assumptions have been made with respect to the useful lives of assets, recoverability of condominiums in inventory, recoverability of management rights, recoverability of property and equipment, recoverable amounts of receivables, amortization rate of deferred revenue, and present value of estimated costs to be incurred under continuing care agreements. Actual results could differ from those estimates.

Cash and Cash Equivalents — The Partnership only had a petty cash account in 2013 and 2012 and cash transactions were generally processed by Sunrise. The contributions from partners of \$73,703 in 2013 and the distributions to partners of \$1,047,881 in 2012 represent the net cash generated by the Partnership and retained by Sunrise or the net cash paid on behalf of the Partnership by Sunrise.

Allowance for Doubtful Accounts — The Partnership provides an allowance for doubtful accounts on its outstanding receivables balance based on its collection history and an estimate of uncollectible accounts.

Property and Equipment — Property and equipment are recorded at cost. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Condominium units	30 years
Furniture, fixtures, and equipment	3-10 years

Property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. Impairment is recognized when the asset's undiscounted expected cash flows are not sufficient to recover its carrying amount. The Partnership measures an impairment loss for such assets by comparing the fair value of the asset to its carrying amount. No impairment charges were recorded in 2013 or 2012.

Management Rights— The Partnership acquired all easements and rights for The Carlisle as a part of the acquisition from Raiser Resources, LLC. The rights included the right to manage The Carlisle for a management fee and the right to transfer fees including a commission of a percentage of the sale price on each condominium unit sold by an owner plus a percentage of the appreciation in price. Management rights were recorded at fair value at acquisition and are being amortized using the straight-line method over the estimated useful life of 30 years. Amortization expense was \$193,966 for each year ended December 31, 2013 and 2012. Amortization expense will be \$193,966 per year until the management rights are fully amortized.

Management rights are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable. Impairment is recognized when the asset's undiscounted expected cash flows are not sufficient to recover its carrying amount. The Partnership measures an impairment loss for such assets by comparing the fair value of the asset to its carrying amount. No impairment charges were recorded in 2013 or 2012.

Revenue Recognition and Deferred Revenue — Operating revenue consists of resident fee revenue. Generally, resident fee revenue is recognized when services are rendered. The Partnership bills the residents one month in advance of the services being rendered, and therefore, cash payments received for services are recorded as deferred revenue until the services are rendered and the revenue is earned.

Upon sale of a condominium by an owner, the Partnership receives a commission of 7% of the sale price plus a percentage of the appreciation in price of the condominium. These fees are recognized when received.

Healthcare revenue is recognized as basic assisted living and activities of daily living services are provided.

Condominium Sales by the Partnership — The Partnership owns condominium units that are held for sale. The sales contracts stipulate that there is a 90-day right of rescission on purchased units (“rescission period”) where from the date that the resident occupies the purchased unit, there is a period of 90 days, during which either the Partnership or the resident can cancel the Care Agreement, with or without cause. The cancellation of the Care Agreement will automatically cause the cancellation of the purchase agreement of the condominium unit as well. The Partnership will repurchase the condominium unit and refund all amounts paid by the resident, except the processing fee and a portion of the monthly fee representing services provided during the resident’s stay. Accordingly, units sold are accounted for under the profit sharing method and gain is not recognized until the expiration of the 90-day period.

Income Taxes — No provision has been made for federal or state income taxes, since the liability for such taxes, if any, is that of the partners and not the Partnership. The Partnership is subject to franchise taxes in California. These taxes are expensed as incurred and are included in taxes and licenses in the accompanying statements of operations.

ASC 740-10-25, Income Taxes, Overall Recognition describes a comprehensive model for the measurement, recognition, presentation and disclosure of uncertain tax positions in the financial statements. Under the interpretation, the financial statements will reflect expected future tax consequences of such positions presuming the tax authorities have full knowledge of the position and all relevant facts, but without considering time values. The Partnership has no uncertain tax positions that require accrual at December 31, 2013 and 2012.

The statute of limitations for the State of California to perform audits on the Partnership are four years. The Partnership is currently not under an audit by any tax jurisdiction. Tax years December 31, 2009 through January 9, 2013 are open and subject to California state audit.

Fair Value Measurement — Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC Fair Value Measurements Topic establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described below:

Level 1 — Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2 — Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3 — Unobservable inputs are used when little or no market data is available.

3. CONDOMINIUMS IN INVENTORY

The Partnership acquired ten condominium units from Raiser Resources, LLC in 2006. In July 2007, the Partnership purchased an additional 37 units. These 47 units were renovated and converted into 35 saleable units. The total costs associated with the 35 units were \$13,420,649. During 2012, the Partnership sold the remaining seven units. At December 31, 2013 and 2012, zero units were available for sale. Three units sold in 2012 were within the 90-day rescission period as of December 31, 2012 and are being accounted for under the profit-sharing method.

As of December 31, 2012, the carrying value of the profit sharing liability relating to these sales was \$33,361. As of April 23, 2013, the rescission period for these sales has expired and the Partnership is no longer required to account for the sales under the profit-sharing method. Gains of \$33,361 were recognized in 2013.

Impairment (gain on sale) were (\$33,361) and \$30,566 for the years ended December 31, 2013 and 2012, respectively. The Partnership's estimate of the fair value of the condominium units was based upon the expected sales price for each unsold condominium unit representing Level 3 inputs. The assumptions included sales price projections and marketing and sales cost estimates.

4. TRANSACTIONS WITH AFFILIATES

The Partnership has a management agreement with SSLMI to manage the facility. The agreement provided for a monthly fee of 6% of gross operating revenue. Total management fees incurred were \$309,711 and \$295,891 in 2013 and 2012, respectively.

The Partnership obtained worker's compensation, professional and general liability and property coverage through Sunrise Senior Living Insurance, Inc., an affiliate of Sunrise. Related expenses totaled \$86,736 and \$115,845 in 2013 and 2012, respectively.

5. CONTINUING CARE AGREEMENTS

Residents of the community are required to sign a continuing care agreement ("Care Agreement") with the Partnership. The Care Agreements stipulate, among other things, monthly fees, the terms of resale of condominiums, transfer fees due at resale, and an initial payment to The Carlisle Reserve Fund. In addition, the Care Agreements provide the Partnership with the right to increase future monthly fees.

The Carlisle Reserve Fund Trust (the "Trust") was established on April 16, 2011, to assist The Carlisle of San Francisco Homeowners' Association (the "HOA") in monitoring and having input regarding the uses of The Carlisle Reserve Fund. The Trust is administered in accordance with the Declaration of Trust, which requires that the income and principal of the Trust be used to support The Carlisle Reserve Fund for the exclusive benefit of The Carlisle and the residents of The Carlisle, including (but not limited to) structural upgrades and replacement of fixtures and equipment. The Trust is administered by three trustees, two of whom are appointed by Sunrise and one of whom is appointed by the HOA.

Because Sunrise has the right to appoint two of the three trustees, it is deemed to control the Trust and consolidates the Trust in its financial statements. The Partnership has no direct interest in the Trust and does not have the right to appoint a trustee, and therefore does not consolidate the Trust.

6. CONTINGENCIES

The Partnership is involved in claims and lawsuits incidental to the ordinary course of business. While the outcome of these claims and lawsuits cannot be predicted with certainty, management of the Partnership does not believe the ultimate resolution of these matters will have a material adverse effect on the Partnership's financial position.

Other Financial Information



Ernst & Young LLP
Westpark Corporate Center
8484 Westpark Drive
McLean, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

Report of Independent Auditors

To the Partners of
Sunrise Carlisle, LP

We have audited the accompanying schedules of long-term debt, net operating expenses, and liquid reserve amount on Forms 5-1 through 5-5 (the Schedules) of Sunrise Carlisle, LP as of December 31, 2013, and for the year then ended and the related notes.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of the Schedules on the basis of the financial reporting provisions of the California Health and Safety Code section 1792, as instructed under the State of California Department of Social Services Annual Report Instructions dated January 1, 2007. Management also is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates, made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Schedules referred to above present fairly, in all material respects, the long-term debt, net operating expenses, and liquid reserve amount on Forms 5-1 through 5-5 of Sunrise Carlisle, LP at December 31, 2013 and for the year then ended, on the basis of financial reporting provisions of the California Health and Safety Code section 1792 as instructed under the State of California Department of Social Services Annual Report Instructions dated January 1, 2007.



Building a better
working world

Contractual Basis of Accounting

As described in Note 2 to the Schedules, the Schedules were prepared by Sunrise Carlisle, LP as instructed under the State of California Department of Social Services Annual Report Instructions dated January 1, 2007, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Restriction on Use

This report is intended solely for the information and use of management and the partners of Sunrise Carlisle, LP and the State of California Department of Social Services and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

April 18, 2014

Sunrise Carlisle, LP

**Form 5-1 -
Long-Term Debt Incurred In a Prior Fiscal Year
(Including Balloon Debt)**

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Principal Paid During Fiscal Year	Interest Paid During Fiscal Year	Credit Enhancement Premiums Paid in Fiscal Year	Total Paid (columns (b)+(c)+(d))
None					
TOTAL:					

*(Transfer this amount
to Form 5-3, Line 1)*

Sunrise Carlisle, LP

**Form 5-2 -
Long-Term Debt Incurred During the Fiscal Year
(Including Balloon Debt)**

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Total Interest Paid During Fiscal Year	Amount of Most Recent Payment on the Debt	Number of Payments over next 12 months	Reserve Requirement (see instruction 5) (Columns (c) x (d))
None					
TOTAL:					

*(Transfer this amount
to Form 5-3, Line 2)*

Sunrise Carlisle, LP

Form 5-3 -
Calculation of Long-Term Debt Reserve Amount

Line		Total
[1]	Total from Form 5-1 bottom of Column (e)	\$ -
[2]	Total from Form 5-2 bottom of Column (e)	\$ -
[3]	Facility leasehold or rental payment paid by provider during fiscal year. (Including related payments such as lease insurance)	\$ -
[4]	Total Amount Required For Long-Term Debt Reserve:	\$ -

Sunrise Carlisle, LP

Form 5-4 -
Calculation of Net Operating Expenses

Line		Amounts	Total
[1]	Total operating expenses from financial statements		<u>5,372,273</u> (A)
[2]	Deductions		
a	Interest paid on long term debt (see instructions)	\$ -	
b	Credit enhancement premiums paid for long-term debt (see instructions)	-	
c	Depreciation	21,735	
d	Amortization	193,966	
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	33,983	
f	Extraordinary expenses approved by the Department	-	
[3]	Total Deductions		<u>\$ (249,684)</u>
[4]	Net Operating Expenses		<u>\$ 5,122,589</u>
[5]	Divide Line 4 by 365 and enter the result		<u>\$ 14,034</u>
[6]	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<div style="border: 1px solid black; padding: 2px;"><u>\$ 1,052,550</u></div>
(A)	Total operating expenses include (\$33,361) of gain on sale, which is a non-cash expense.		

SUNRISE CARLISLE, LP
NOTES TO ANNUAL RESERVE CALCULATION
YEAR ENDED DECEMBER 31, 2013

1. ORGANIZATION

Organization — On August 1, 2006, Sunrise Carlisle, LP (the “Partnership”), a Delaware limited partnership, acquired all easements and rights for The Carlisle and title to ten of the building’s 102 condominium units from Raiser Resources, LLC. The Partnership acquired an additional 37 condominium units in July 2007. The 47 units were renovated and converted into 35 saleable units. At December 31, 2013, zero condominium units were available for sale. Sunrise Senior Living Investments, Inc. (“SSLII”) holds a 99% interest in the Partnership. Sunrise Carlisle GP, LLC, a wholly owned subsidiary of SSLII, holds a 1% interest in the Partnership.

The Carlisle filed a declaration as a condominium and a continuing care retirement community (“CCRC”) in San Francisco City and County, California on August 28, 1992. As a condition of ownership, each owner of a condominium is required to enter into a residence and care agreement with St. Mary’s Community Care Corporation, St Mary’s Hospital and Medical Center and Catholic Healthcare West (collectively “St. Mary’s”). In 1998, the interests held by St. Mary’s were transferred to Raiser Senior Services, LLC, an affiliate of Raiser Resources, LLC and were subsequently transferred to the Partnership. The Partnership manages and operates The Carlisle and markets vacant units on behalf of the owners. The Partnership is entitled to transfer fees on the sale of a condominium unit in accordance with the CCRC agreements.

On January 9, 2013, Healthcare REIT, Inc. (“HCN”) acquired Sunrise Senior Living, Inc. (“SSLI”). In conjunction with the transaction, Red Fox Management, LP (“Red Fox”), a new entity formed by affiliates of Kohlberg Kravis Roberts & Co. L.P., Beecken Petty O’Keefe & Company and Coastwood Senior Housing Partners LLC, entered into a Membership Interest Purchase Agreement with SSLI to acquire SSLI’s management business which includes Sunrise Senior Living Management, Inc. (“SSLMI”) and SSLII’s equity interests in the Partnership. The Partnership has a management agreement with SSLMI to manage the facility. Sunrise Senior Living, LLC (“Sunrise”) is the successor entity to SSLI. Sunrise indirectly owns 100% of the Partnership and funds the Partner through its capital account as needed.

On December 20, 2013, Red Fox entered into a Unit Purchase and Merger Agreement with HCN for HCN and a capital partner to acquire the remaining equity interests of Kohlberg Kravis Roberts & Co. L.P., Beecken Petty O’Keefe & Company and Coastwood Senior Housing Partners LLC in Red Fox. HCN subsequently announced it was partnering with Revera, Inc. (“Revera”) a leading Canadian provider of senior living services, to complete the transaction. The transaction is expected to close in the second quarter of 2014, subject to regulatory approvals.

2. PURPOSE OF THE ANNUAL RESERVE CALCULATION

As the Company operates as a CCRC, the Partnership is required to file Forms 5-1 through 5-5 of the California Health and Safety Code section 1792 (the Schedules) as instructed under the State of California Department of Social Services Annual Report Instructions issued on

January 1, 2007 for the year ended December 31, 2013. The purpose of the Schedules is to determine the amount the Company must hold in its liquid reserves for debt service and operating expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The Partnership's Schedules are prepared on an accrual basis. The Partnership reviewed subsequent events through April 18, 2014, the date the Schedules were issued, for inclusion in these financial statements and Schedules.

Cash and Cash Equivalents — The Partnership has only a petty cash account. Cash transactions are generally processed by Sunrise. The contributions from partners of \$73,703 represent the net cash provided by Sunrise and retained by the Partnership for the year ended December 31, 2013.

4. REVENUE FROM NON-CONTINUING CARE RESIDENTS

The Partnership has deducted \$33,983 on Form 5-4 line 2 (e) for revenues received during the fiscal year for services to persons who did not have a continuing care contract. The revenue represents service fees received for guest suite rentals and meals for non-continuing care residents.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2013 Ernst & Young LLP.
All Rights Reserved.

ey.com

